

ST 02-0244-GIL 10/31/2002 EXEMPT ORGANIZATIONS

Although federally chartered credit unions do not qualify as exempt organizations under Illinois law, they do not incur Use Tax liability when making purchases of tangible personal property for use or consumption because of a federal statute See 12 USC 1768 and 86 Ill. Adm. Code 130.2085. (This is a GIL).

October 31, 2002

Dear Xxxxx:

This letter is in response to your letter that we received on August 21, 2002. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be accessed at the Department's Website at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

Attached you will find a letter we received dated November 9, 1990, in response to our inquiry if Federal employees on official business were exempt from sales and use tax in the State of Illinois.

I am in the process of bringing AAA's tax-exempt letters and forms up-to-date. I would appreciate it if you would send a letter to me at the address shown above informing me of changes, if any, since the attached letter, along with any new material you may have. You will note our name change on the attached certificate.

I have also enclosed a Letter of Exemption from the BBB for your review.

Thank you in advance for your prompt response, and if you have any questions, please give me a call.

The Department regulation that covers sales of tangible personal property to federal credit unions in Illinois, 86 Ill. Adm. Code 130.2085, has been amended since our November 9, 1990 letter to you. An updated and current copy is enclosed.

The Illinois Department of Revenue issues tax exemption identification numbers to organizations such as churches, schools, charities, or governmental bodies that qualify as sales tax exempt purchasers under Illinois law. The numbers are issued to establish that such organizations are exempt from sales tax on their purchases of tangible personal property. However, we are unable to issue you such a tax exempt number because your organization does not qualify as a sales tax exempt purchaser under any provision of Illinois law. Rather, your organization does not incur Illinois Use Tax on its purchases because of a federal statute.

As explained in the regulation, federally chartered credit unions do not incur Use Tax liability when making purchases of tangible personal property for use or consumption. See 12 USC 1768. Retailers making sales of tangible personal property to federal credit unions are not able to reimburse themselves for the Retailers' Occupation Tax they incur as a result of making such sales by collecting the reimbursing Use Tax. Nonetheless, retailers making sales of tangible personal property to federal credit unions do incur Retailers' Occupation Tax liability on their gross receipts from such sales.

In other respects, the November 9, 1990 letter from our office to you is still accurate.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

KWB:msk
Enc.